Government of
Saskatchewan

Annual Report
1983-84

Revenue and
Financial Services

85-5242/

Government of Saskatchewan

Annual Report For the Year Ending March 31, 1984

Saskatchewan Revenue and Financial Services

Contents

Letter of Transmittal 3
Deputy Minister's Transmittal 4
Organization Chart 5
Highlights 6
Comptroller's Division 7
Revenue Division 9
Administration Division 12
Public Employees Benefits Agency 13

Letter of Transmittal

Hon. Paul E. Rousseau

Minister
of Revenue and
Financial Services

Regina, Saskatchewan

The Honourable Frederick W. Johnson
Lieutenant Governor of Saskatchewan

Dear Sir:

I have the honour to present the annual report for the Department of Revenue and Financial Services for the fiscal year ending March 31, 1984 in accordance with the provisions of The Department of Revenue and Financial Services Act, 1983.

Respectfully submitted.

Paul E. Rousseau
Minister Revenue and Financial Services

Deputy Minister's Transmittal

Saskatchewan
Revenue and
Financial Services

Regina, Saskatchewan

The Honourable Paul E. Rousseau
Minister
Revenue and Financial Services

Dear Sir:

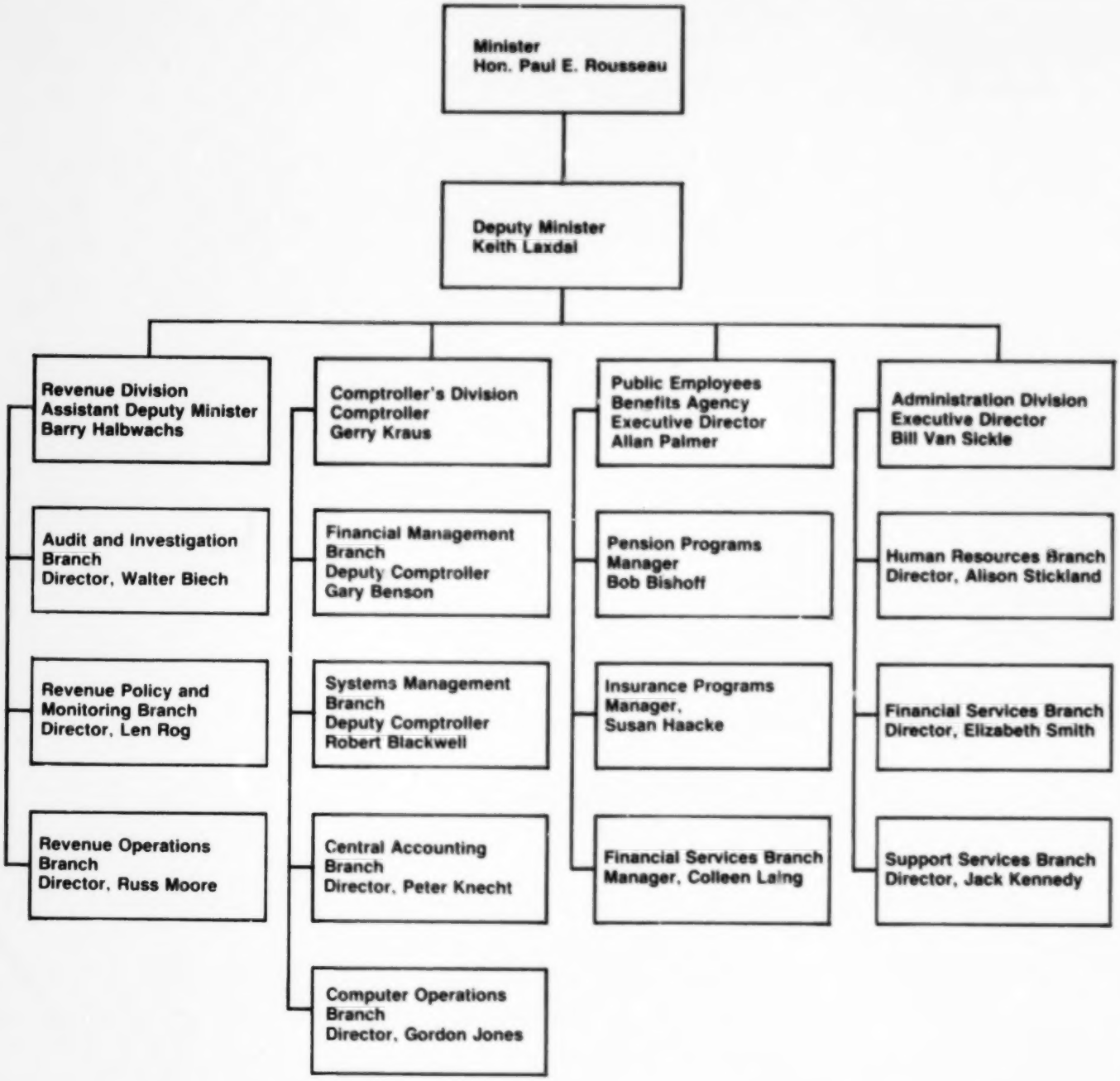
I have the honour of submitting to you the first annual report for the Department of Revenue and Financial Services. Our first year as a department was one of significant accomplishment, brought about by the energy and co-operative spirit of all employees.

Yours sincerely,

Keith Laxdal
Deputy Minister
Revenue and Financial Services

Keith Laxdal

Organization Chart



Highlights

- Revenue and Financial Services was created in 1983-84 by bringing together the Comptroller's Division from the Department of Finance, the Revenue Division and the Administration Division from Revenue, Supply and Services, and the Public Employees Benefits Agency.

- A number of internal initiatives began including a long-term planning process, operational reviews, an Employee of the Month program and a staff newsletter. These activities have had a positive effect on staff morale and department identity.

- The Financial Management Systems Project is a joint undertaking of the Department of Revenue and Financial Services, the Department of Finance and the Public Service Commission. The objective of the project is to improve government financial management through better automated systems, improved financial reporting and on-line access. FMSP's first task was to establish a government-wide budget preparation system. This system was substantially completed by the end of 1983-84. In addition, work began on new expenditure reporting and payroll systems.

- The Comptroller's Division implemented and administered a government wide payroll savings plan for Canada Savings Bonds. The program proved to be a success with $1.7 million in Canada Savings Bonds being purchased by government employees.

- The Revenue Division collected $511 million in tax revenue.

- The Mortgage Interest Reduction Plan paid out $20.7 million in benefits to Saskatchewan homeowners.

- The total number of accounts administered by the Public Employees Benefits Agency for its dental, disability, group life and six pension plans reached 70,000.

- The Central Accounting Branch in the Comptroller's Division made almost 400,000 payments.

- The number of departments and agencies for which the Administration Division provides administrative support was increased from five to eight.

Comptroller's Division

Comptroller
Gerry Kraus

The Comptroller's Division assists the government and the Legislature with its responsibility of managing and accounting for the public purse.

The division makes or authorizes payments out of the principal funds of the province in accordance with established financial policy, budgetary restrictions and authority. It also reports to the government and the Legislature the revenue and expenditures of the principal funds and other funds under the control of the Minister of Finance.

Part of the Comptroller's Division mandate is to productively assist with the improvement of the financial management of the government by developing policy and procedures, by reviewing legislation and proposed information systems and by providing opportunities for the development of financial managers. The division also acts as an in house financial management consulting unit.

Financial Management Branch

Assisting the Comptroller in monitoring the government's financial process is the major responsibility of the Financial Management Branch. It fulfills this mandate in four ways:

1. The branch develops or amends financial management policy for approval by Treasury Board. The branch also develops or modifies financial management guidelines and systems.

2. The branch reviews proposed legislation and amendments to:

   a) ensure that they are consistent and compatible with existing legislation;

   b) ensure that responsibility for financial management is clearly defined;

   c) provide guidance to responsible officials where the legislation or amendments will interplay with financial management policy;

   d) provide assistance and direction when legislation involves changes to financial management recording and reporting systems.

3. The branch acts as an inter-government financial consulting unit. A proactive approach is a major component in the development of new financial systems as well as in modifications to existing systems.

4. Finally, the branch reviews the Provincial Auditor's reports. The branch helps departments assess whether corrective action is necessary and if necessary, assists in developing suitable solutions.

1983-84 Activities

In response to a number of devastating storms in July 1983 the government set up the Provincial Disaster Assistance Plan. The Financial Management Branch designed and implemented financial and administrative procedures for the plan.

Financial Management Branch was part of a committee established to plan and implement the Government's 1983 reorganization.

The realignment of programs administered by the Department of Northern Saskatchewan to other departments was completed in 1983-84. The branch was involved in the implementation of the realignment from a financial and administrative perspective.

The Financial Management Branch played an integral role in the establishment of a Venture Capital Program, the Sask Expo 86 Corporation and the Saskatchewan Water Corporation.

In 1983-84 a project was started to develop a four volume Treasury Board Policy Manual, covering all aspects of government financial and personnel administration. This project involved the Departments of Revenue and Financial Services, Finance, Supply and Services, and the Public Service Commission. Each of the four participants is responsible for one volume. In addition to producing one of the volumes, the Comptroller's Division initially coordinated the project. Publication will begin in 1984-85.

The Financial Management Branch was involved in a major project designed to significantly alter the manner in which expenditures in the government are audited. By moving from a 100% system of audit before payment to a mixed system of pre- and post- audit, greater effectiveness will be achieved.

Central Accounting Branch

The Central Accounting Branch makes or authorizes payment out of the Heritage and Consolidated Funds in accordance with established financial policy, budgetary restrictions and the authority designated by legislation. Expenditure requests from departments are audited to ensure that adequate monies exist in the appropriation and that the expenditures are authorized in accordance with Legislation. The branch then processes the expenditure requests and issues cheques.

The branch maintains a record of revenue and expenditures and issues periodic internal reports to departments.

Central Accounting prepares the annual Financial Statements of the Province for tabling in the Legislature.

1983-84 Activities

During the year Central Accounting implemented a process of regular reporting to departments on their performance regarding rejected payments.

The Central Accounting Branch assumed operational control of the new Canada Savings Bond payroll savings plan during 1983-84. Program guidelines and procedures were initially established with the assistance of the Financial Management Branch. The program proved to be a success with approximately $1.7 million in Canada Savings Bonds being purchased. 15.3% of all eligible employees participated in the program which is well above the 10% target for a first year program. The Canada Savings Bond payroll savings plan will again be offered in 1984-85.

Computer Operations Branch

The Computer Operations Branch was created in 1983-84 to be responsible for development and support of computer-based systems and programs.

1983-84 Activities

Throughout the year, Computer Operations designed and implemented a number of new computer systems as well as maintained its existing systems.

The Computer Operations Branch upgraded the computer facility to include a security access system and various environmental controls.

Systems Management Branch

The Systems Management Branch assists the Comptroller to develop and implement enhancements to existing financial management systems.

1983-84 Activities

The Systems Management Branch was created during 1983-84 and the resources of the branch were dedicated to the Financial Management Systems Project. When completed, the three facets of FMSP-budgeting, payroll, and expenditure control- will result in major benefits for financial management and administration throughout the government.

The branch identified the requirements and related policy issues for a new reporting system for revenues and expenditures. A conceptual design for the new system was developed. Systems Management Branch also helped determine the requirements for the budget preparation and payroll processing systems.

Package software was purchased to form a base for the development of these three systems.

The budget preparation system will be operational for the 1985-86 budget.

Statistical Summary

Financial Management Branch Activities 1983-84

	Number of Projects Worked On	Completed	Activity Distribution (% of hours)
Financial Services	130	78	50
Policy & Legislation	23	14	35
Cost Sharing *	138	127	15
(claim certifications)	—	—	—
	291	219	100

* Claims to the Federal government pertaining to Federal/Provincial cost sharing agreements generally required a provincial audit certificate. This audit and certification requirement is met by the cost sharing audit section of the Financial Management Branch.

Central Accounting Branch Expenditure Requests

	1981-82	1982-83	1983-84
Expenditure requests processed	402,777	370,984	386,632

Revenue Division

Assistant Deputy Minister
Barry Halbwachs

The Revenue Division administers Saskatchewan's direct consumption taxes, selected miscellaneous revenue sources and certain grant and refund programs.

The division is organized along functional lines into four branches: Revenue Operations, Audit and Investigation, Revenue Monitoring and Research, and Revenue Policy.

1983-84 Activities

In 1983-84, the Revenue Division collected approximately $511 million in taxes and other levies. The major sources of revenue were Education and Health Tax, $301 million; Motor Vehicle Registration Fees, $54 million; Tobacco Tax, $49 million and Liquor Consumption Tax, $40 million.

The Revenue Division also administers the Mortgage Interest Reduction Plan. In 1983-84, benefits totalling $20.7 million were paid to Saskatchewan homeowners.

Audit and Investigation Branch

The Audit and Investigation Branch is responsible for the development, planning and implementation of audit programs. These programs are designed to ensure that taxpayers who remit tax, or who qualify for refunds, are treated equitably and in accordance with the statutes and regulations.

To meet these responsibilities the Audit and Investigation Branch:

a) develops audit philosophy, programs and procedures;

b) conducts field and desk audits;

c) develops and conducts post-audit review programs;

d) investigates taxpayer complaints; and

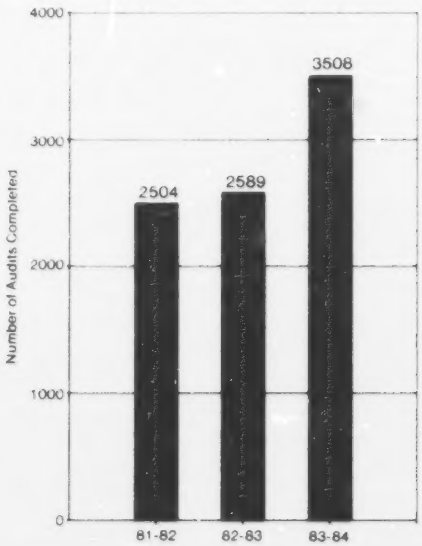
e) initiates audit action in accordance with the tax statutes and regulations.

The branch provides assistance and guidance to taxpayers and acts as liaison with other departments and other provincial governments to ensure that interprovincial agreements are properly administered.

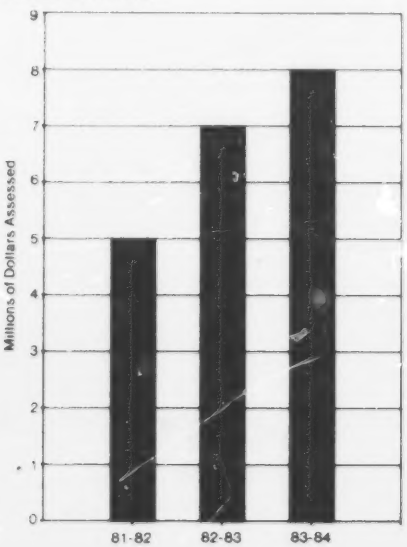
The Audit and Investigation Branch is required to conduct audits under The Education and Health Tax Act, Liquor Consumption Tax Act, Fuel Tax Act, Tobacco Tax Act, Corporation Capital Tax Act, Capital Gains Tax Rebate Program, Canadian Agreement on Vehicle Registrations and the Interprovincial Sales Tax Agreement.

The branch collects assessments raised under the various taxing statutes and pro-rate plans, initiates legal action, and prepares documents and other enforcement procedures required to satisfy accounts in accordance with the provisions of the different acts and programs.

Field Audits



Assessments



Revenue Operations Branch

The Revenue Operations Branch is responsible for:

a) licensing vendors to collect taxes and maintaining a tax roll of vendors who collect and remit taxes;

b) providing information to taxpayers and the general public to assist them in understanding tax, refund and rebate programs;

c) processing, depositing and reconciling revenue received from consumption taxes;

d) providing an initial collection service for the Revenue Division; and

e) operating refund and rebate programs administered by the Revenue Division.

The collection, processing and taxpayer service activities for the Education and Health Tax, Liquor Consumption Tax, Tobacco Tax, Corporation Capital Tax and other miscellaneous revenues and refund programs are centralized within the Revenue Operations Branch.

The Branch is also responsible for administering the Mortgage Interest Reduction Plan.

Revenue Monitoring and Research Branch

The major responsibilities of the Revenue Monitoring and Research Branch include:

a) reviewing and monitoring various fees and charges levied by the Provincial Government;

b) analyzing revenue collection activities within other government departments; and

c) undertaking research activities.

The branch also reviews Orders-in-Council having fee implications and maintains an inventory of provincially collected revenue sources.

Revenue Policy Branch

The major responsibilities of the Revenue Policy Branch include:

a) formulating consistent and uniform policies related to the collection of taxes and the provision of rebates and refunds;

b) acting as liaison with the Department of Finance on taxation matters related to programs administered by the division;

c) monitoring the activities of the Revenue Operations Branch and the Audit and Investigation Branch; and

d) providing interpretations of taxing statutes and rulings.

The branch also acts as a liaison with other jurisdictions in matters affecting taxation programs assigned to the Revenue Division.

Note: Shortly after the end of 1983-84, the Revenue Monitoring and Research Branch and the Revenue Policy Branch were combined to form a single unit.

Statistical Summary

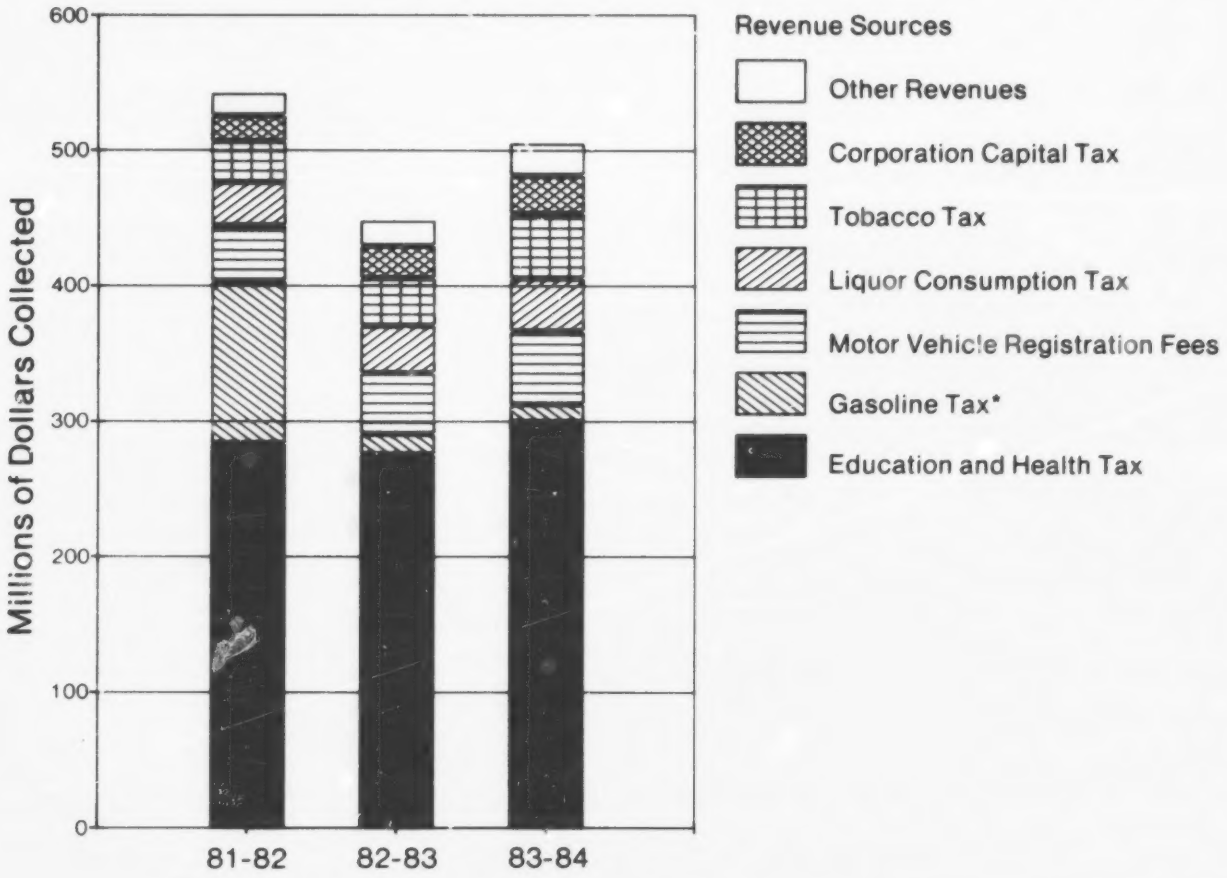
Number of Taxpayers, Vendors and Collectors by Major Tax Type 1983-84

Education and Health Tax	28,954
Liquor Consumption Tax	1,268
Corporation Capital Tax	869
Tobacco Tax	187

Refunds Processed 1983-84

	Number	Value
Capital Gains Tax Rebate	1247	$3,258,348
Residential Mobile Home Refund	405	306,843

Revenue Collection



*The Fuel Petroleum Products Act was repealed effective May 9, 1982

Revenue Collection (In Thousands of Dollars)

	1981-82	1982-83	1983-84
Education and Health Tax	$284,949	$276,398	$300,736
Gasoline Tax *	120,686	15,046	13,593
Motor Vehicle Registration Fees	41,590	45,314	54,187
Liquor Consumption Tax	32,153	35,607	39,589
Tobacco Tax	30,594	35,421	48,823
Corporation Capital Tax	19,522	24,222	28,985
Other Revenues	17,577	19,127	4,999
Total	$547,071	$451,135	$510,912

*The Fuel Petroleum Products Act was repealed effective May 9, 1982.

Administration Division

Executive Director
Bill Van Sickle

The Administration Division supplies those services to the Department of Revenue and Financial Services which are necessary for its day to day operation. These services include: financial, personnel and support services, including communications.

The Administration Division also provides its expertise to a group of client departments. The Departments of Finance, Executive Council, Provincial Secretary, Telephones, Science and Technology as well as the Women's Secretariat, and the Indian and Native Affairs Secretariat receive administrative support from this division.

The activities of each of the three branches of the Administration Division for the 1983-84 fiscal year are dealt with separately below.

Financial Services Branch

The Financial Services Branch has two distinct responsibilities. It provides accounting, payroll and budgeting services to the Department of Revenue and Financial Services and the client departments. In addition, the branch supplies direction to the department and its clients for implementing accounting policies and developing accounting procedures.

1983-84 Activities

During 1983-84 the former Financial Services Branch and the former Accounting Branch were combined to form a single unit which could provide a complete range of financial services to the department and the clients.

Human Resources Branch

The Human Resources Branch is responsible for providing personnel services to Revenue and Financial Services and client departments. Services include staffing, classification, employee relations, benefits, co-ordination of training programs and the maintenance of all personnel records.

1983-1984 Activities

During the 1983-84 year, the branch handled the transfer and establishment of employees for major reorganizations within the Department of Revenue and Financial Services and several of its client agencies. In addition, the branch assumed responsibility for three new client agencies during the year --- the Department of Science and Technology, the Women's Secretariat, and the Indian and Native Affairs Secretariat. Internally, the branch underwent a review and realignment of responsibilities to increase the level and quality of services provided.

Support Services Branch

The Support Services Branch is responsible for acquiring supplies, equipment, space and furniture, providing a data entry facility for the Revenue Division, and for assisting in the development of departmental communication programs.

1983-84 Activities

During 1983-84 three of the department's four divisions moved to 2350 Albert Street while the Public Employees Benefits Agency moved to 1914 Hamilton Street. The Support Services Branch was responsibile for co-ordinating all activities related to the moves. The branch also oversaw the installation of telephones, allocation of parking and worked with the Department of Supply and Services on the provision of food services and building renovations.

The principal focus in the area of communications was to help the new department create an identity. This was done through development of a departmental newsletter **RFS**. The newsletter features items about each of the divisions in the department and their employees. A page in each issue is dedicated to the department's **Employee of the Month.**

Public Employees Benefits Agency

Executive Director
Allan Palmer

The Public Employees Benefits Agency administers various pension and benefit programs for the public service and some crown corporations, boards and agencies.

At the beginning of 1983-84 the agency was responsible for the administration of the following pension plans:

a) the Public Employees Superannuation Plan;

b) the Public Service Superannuation Plan;

c) the Judges of the Provincial Court Superannuation Plan;

d) the Members of the Legislative Assembly Superannuation Plan;

e) the Saskatchewan Transportation Company Superannuation Plan; and

f) the Anti-Tuberculosis League Superannuation Plan.

During the year the agency assumed responsibility for the administration of the Workers Compensation Board Superannuation Fund and the Liquor Board Superannuation Fund

The agency also administers the Government of Saskatchewan Public Employees Group Life Insurance Plan, the Public Employees Dental Plan and the Government of Saskatchewan Public Employees Disability Income Plan.

The Group Life Insurance Plan provides life insurance coverage to employees, their spouses and children. The plan also includes additional accident coverage for employees.

The Dental Plan provides reimbursement to offset dental costs to certain employee groups. The plan reimburses employees, within limits, to 100% of preventative work, 75% of routine work and 50% of major restorative work. The plan is intended to help promote good dental health among employees and reduce costs for major restorative work in the future.

The government's Long Term Disability Plan guards against employee financial hardship should they become disabled either at work or at home. The plan provides for 75% of the employee's pre-disability income to those who are disabled for longer than 4 months. Benefits may continue for 20 months for those who are disabled for their own occupation or may continue until age 65 for those who are totally disabled for any occupation. The administration of the Disability Income Plan is government by the Disability Income Plan Council which is composed of representatives of the various participating employee and employer groups.

1983-84 Activities

1983-84 saw the development of an early retirement program for employees of the public service to be implemented on April 1, 1984.

Interest to member accounts of the Public Employees Superannuation Plan for 1983-84 was paid at the rate of 15.32%. Money in this plan is continually reinvested in bonds and other guaranteed sources as it becomes available. For this reason, the interest paid is a blend of new and old investments. The 15.32% paid in 1983-84 reflects investments acquired over time with rates of return ranging from approximately 10 to 20 percent.

A Pension Task Force composed of members of the agency, the Department of Finance, and the Teacher's Superannuation Commission began a study to recommend solutions to cover the unfunded liability which exists in many of the government's formula pension plans.

The agency introduced actuarial evaluations of the government's pension plans on a regular basis. The purpose of these studies is to determine whether future contributions, together with existing assets, will be sufficient to pay benefits as they come due, and to recommend any changes to ensure the solvency of any plan. Studies were commissioned on the Public Service Superannuation Plan and the Members of Legislative Assembly Superannuation Plan.

Statistical Summary

Accounts administered by the Public Employees Benefits Agency by type, March 31, 1984

Pensions:*	26,400
Group Life:	29,733
Disability:	15,500
Dental:	13,412

* This number includes employees contributing to pension plans, as well as those drawing a pension.

Benefit Program Statistics

Group Life Insurance	1982-83 For the Year Ending Dec. 31, 1982		1983-84 For the Year Ending Dec. 31, 1983	
Claim Statistics	**Number of Claims**	**Percentage of Total Claims**	**Number of Claims**	**Percentage of Total Claims**
Life Claims:				
Employee	68	45%	63	45%
Spouse	51	34%	40	29%
Dependent	28	19%	30	21%
Accidental Death Claims	4	2%	5	4%
Dismemberment Claims	0	0%	1	1%
Total Claims	151	100%	139	100%
Paid up Certificates Issued	343		780	
Conversion Options Exercised	17		7	
Disability Income Plan				
Number of Active Claimants at Year End	64*		114	
Dollar Value of Claims Paid	$1,222,793		$1,866,720	
Public Employees Dental Plan				
Number of Claims Processed	15,077		19,488	
Dollar Value of Claims Paid	$1,116,251		$1,409,145	

* As at May 1, 1982

Statement of Expenditures for the Fiscal Year Ending March 31, 1984.

Administration	$ 875,552.17
Revenue Operations	2,527,133.67
Audit and Investigation	2,154,590.89
Revenue Policy and Monitoring	454,955.56
Remissions under The Department of Revenue and Financial Services Act	29,621.12
Mortgage Interest Reduction Plan	20,694,560.79
Comptroller's Office	5,177,435.40
Public Employees Benefits Agency - Administration	950,010.65
Superannuation Allowances Under the Public Service Superannuation Plan	24,048,905.93
Cost of Living Bonus for Superannuates and Widows of Superannuates	7,314.01
Retirement Allowances and Interest under the Public Service Superannuation Plan	13,982.66
Refunds of Contributions and Interest under the Public Service Superannuation Plan	2,996,209.91
Retirement Allowances and Interest - Employees' Savings Account	111,001.32
Refunds of Contributions and Interest - Employees' Savings Account	133,334.53
Payments Pursuant to Reciprocal Agreements under the Public Services Superannuation Plan	562,957.96
Employees' Matching Contributions to the Public Employees' (Government Contributory) Superannuation Plan	8,881,535.55
Payments to the Judges of the Provincial Court Superannuation Fund	117,171.07
Employer's Assessment for the Disability Income Plan	644,498.29
Employer's Contribution for the Employees' Group Life Insurance Plan	580,298.53
Employer's Contribution for the Employees' Dental Plan	807,501.55
Superannuation Allowance pursuant to Chapter 64 of the Statutes of Saskatchewan, 1958, As Amended	6,252.75
Minister of Finance's Contribution to Members of Legislative Assembly Superannuation Fund	750,525.24
	$72,525,349.55